



**Portland General Electric**  
121 SW Salmon Street · Portland, Ore. 97204

November 6, 2020

*Via Electronic Filing*

Public Utility Commission of Oregon  
201 High Street, Ste. 100  
P.O. Box 1088  
Salem, OR 97308-1088

**Re: UM 1977 PGE's Application for Reauthorization of Deferred Accounting Treatment of Certain Costs Associated with the Community Solar Program**

Dear Filing Center

Enclosed for filing is Portland General Electric Company's ("PGE") Application for Reauthorization of Deferred Accounting Treatment of Certain Costs Associated with the Community Solar Program. PGE received the most recent reauthorization pursuant to OPUC Order No. 19-410.

PGE originally received permission for deferral of startup costs associated with the Community Solar Program through OPUC Order No. 18-477. A Notice regarding the filing of this application has been provided to the parties on the UE 335 and UM 1977 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please Stefan Cristea at (503) 464-8033.

Please direct all formal correspondence, questions, or requests to the following e-mail address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

*/s/ Jaki Ferchland*  
Jaki Ferchland,  
Manager, Revenue Requirement

*JF/NP*

Encls.

cc: Service Lists: UE 335 and UM 1977

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1977**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Certain Costs Associated with the Community Solar Program.

Application for Reauthorization of Deferred Accounting Treatment of Certain Costs Associated with the Community Solar Program

Pursuant to ORS 757.259 and OAR 860-027-0300, and Commission Order, Nos. 15-019, 18-477, 18-177, and 19-392, Portland General Electric Company (PGE) hereby requests authorization to continue to defer operation and maintenance (O&M) start-up costs associated with the development of the Community Solar Program (CSP), implemented in compliance with Senate Bill (SB) 1547. In addition, pursuant to OARs 860-088-0120 and 860-088-0140, and Commission Orders No. 18-177 and 19-392, PGE supplements this deferral application to request authorization for deferral of incremental energy costs related to CSP bill credit payments to participants for subscribed CSP generation and the incremental energy costs associated with unsold and unsubscribed CSP generation. PGE requests this reauthorization and supplemental application commence effective November 8, 2020 through November 7, 2021.

PGE's deferral reauthorization application continues to support the use of an automatic adjustment clause, which will provide for changes in prices reflecting incremental O&M CSP start-up costs and incremental CSP costs associated with bill credit payments to participants and unsold/unsubscribed CSP generation.

**I. Deferral History and Supplement**

Pursuant to Section 22 of SB 1547, the Public Utility Commission of Oregon (Commission or OPUC) initiated Docket No. AR 603 (AR 603), which facilitated multiple workshops, discussions,

and rounds of comments from stakeholders on draft rules, to establish a program for procuring electricity from community solar projects. Commission Order No. 17-232 adopted rules to establish a framework for the CSP that the Commission acknowledged would be supplemented and further developed in future proceedings, including the development of a program implementation manual (PIM).<sup>1</sup> Additionally, the Commission opened a separate docket (i.e., Docket No. UM 1930) to address non-rulemaking matters related to the implementation of the CSP.

The CSP framework established by the Commission provides for a program start-up phase for program development and an on-going phase once the CSP is fully operational.<sup>2</sup> In accordance with SB 1547 Section 22(7)(c) and OAR 860-088-0160 regarding CSP funding, electric utilities will recover start-up costs incurred during the development or modification of the CSP (i.e., the start-up phase) through electric utility prices. CSP costs related to on-going program administrator fees, CSP subscription fees, and utility administrative fees are to be collected from CSP participants and are not subject to this application for deferred accounting.

OAR 860-088-0160(1) defines start-up costs as:

- 1) Costs associated with the Program Administrator<sup>3</sup> and Low-Income Facilitator;<sup>4</sup> and
- 2) Each electric utility's prudently incurred start-up costs associated with implementing the CSP. These costs include, but are not limited to, costs associated with customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a community solar project.

Furthermore, OAR 860-088-0120 provides that “an electric company must credit participants

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<sup>1</sup> The Commission adopted the program implementation manual through Commission Order No. 19-438

<sup>2</sup> The Commission established the interim capacity tier at 50 percent of the initial capacity tier (i.e., 160 MW) through Commission Order No. 19-392.

<sup>3</sup> According to OAR 860-088-0010, Program Administrator means a third-party directed by the Commission to administer the Community Solar Program.

<sup>4</sup> Low-Income Facilitator's responsibilities are provided in OAR 860-088-0030.

of a certified project with bill credits as provided in OAR 860-088-0170 (Bill Crediting)” and OAR 860-088-0140 provides that “[u]pon request, an electric company must enter into 20-year power purchase agreement with a pre-certified project to purchase the project’s unsold and unsubscribed generation on an ‘as-available basis’...” Pursuant to regulatory process in Docket No. UM 1930, the Commission issued Order No. 18-177 adopting the simple retail rate for an interim bill credit rate for the first 25 percent of PGE’s initial CSP capacity tier (i.e., approximately 23.3 MW). Subsequently, the Commission issued Order No. 19-392 extending the interim bill credit rate to be applied for the first 50 percent of PGE’s initial capacity tier (i.e., approximately 46.6 MW).

PGE hereby supplements this deferral application to request authorization to defer costs associated with CSP bill credit payments to participants for subscribed CSP generation and the energy costs associated with unsold and unsubscribed CSP generation.

## **II. OAR 860-027-0300 Requirements**

The following is required pursuant to OAR 860-027-0300(3):

### a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above. This deferral application includes the following CSP-related costs:

1. Expected start-up costs associated with the Program Administrator selected by the Department of Administrative Services (DAS) and OPUC;
2. Expected O&M costs related to the Low-Income Facilitator;
3. Expected costs related to modifications to PGE’s IT/billing systems, legal and other professional fees, costs related to regulatory compliance, any other O&M start-up costs associated with the implementation of the CSP that PGE may incur; and

4. Expected Energy costs associated with bill credit payments to participants, and energy costs associated with unsold and unsubscribed CSP generation.

The approval of the Application will support the continued use of an automatic adjustment clause rate schedule, which will provide for recovery of the incremental start-up and energy costs associated with the CSP through tariff Schedule 136.

b. Reasons for Deferral.

Pursuant to ORS 757.259(2)(e) PGE seeks reauthorization of the deferred accounting treatment of the O&M start-up costs associated with the Program Administrator, Low-Income Facilitator, and the implementation of the CSP, as well as costs associated with bill credit payments to participants and energy costs incurred for unsold and unsubscribed CSP generation. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. PGE received approval through Commission Order No. 19-410, for the deferral period beginning November 8, 2019.

c. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

d. Estimate of Amounts.

PGE expects to incur additional start-up costs in the deferral period because the program is not yet fully operational. However, PGE cannot accurately estimate the total amount of payments expected to be made to the program administrator in the deferral period that would be deemed as

start-up costs by the Commission.<sup>5</sup> Also, PGE cannot accurately estimate at this time the total energy costs it will incur associated with the bill credit payments and unsold/unsubscribed CSP generation because there is not sufficient data to estimate when CSP projects will achieve commercial operation and how much CSP generation will be subscribed.

e. Notice.

A copy of the notice of application for reauthorization of deferred accounting treatment and a list of persons served with this Notice are attached to the Application as Attachment A. In compliance with the provisions of 860-027-033(6), PGE is serving the Notice of Application on the UE 335 Service List, PGE's last General Rate Case and the UM 1977 Service List.

**III. The following is provided pursuant to OAR 860-027-0300(4):**

a. Description of Deferred Account Entries.

Please see sections II(c) and II(d) above.

b. The Reason for Continuing Deferred Accounting.

PGE seeks approval to continue to defer start-up costs associated with the Program Administrator selected by DAS and OPUC, O&M costs related to the Low-Income Facilitator, modifications to PGE's Information Technology (IT)/billing systems, and any other O&M start-up costs associated with the implementation of the CSP that PGE may incur. Furthermore, pursuant to OARs 860-088-0120 and 860-088-0140, PGE is supplementing this deferral application to request approval to defer energy costs associated with bill credit payments to participants and energy costs associated with unsold and unsubscribed CSP generation.

Without reauthorization this deferral will expire on November 7, 2020.

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<sup>5</sup> During the last 12 month-period, PGE incurred approximately \$1.5 million of start-up costs in the form of payments made to the program administrator.

**IV. Summary of Filing Conditions.**

a. Earnings Review

PGE proposes that cost recovery associated with the CSP start-up and CSP energy cost associated with subscribed and unsubscribed generation not be subject to an earnings review since it would be subject to an automatic adjustment clause.

b. Prudence Review

PGE will submit a report supporting CSP incurred start-up costs to the OPUC Staff (Staff) for review of prudence prior to the filing to adjust tariff prices. In addition, PGE will look to Staff for direction on start-up costs of the Program Administrator and Low-Income Facilitator, as these are third-party providers and the Program Administrator in particular, is a contractor to the Commission.

c. Sharing Percentages

All prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread / Rate Design

Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent generation revenue applied on a cents per kWh basis.

e. Three Percent Test

The amortization of the deferred CSP costs will be subject to the three percent test in accordance with the ORS 757.259(7), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

**V. PGE Contacts**

The authorized addresses to receive notices and communications in respect to this Application are:

Douglas C. Tingey  
Associate General Counsel  
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E-mail: doug.tingey@pgn.com

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
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Phone: 503.464.7805  
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In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Jaki Ferchland, Manager, Revenue Requirement  
E-mail: jacquelyn.ferchland@pgn.com

**VI. Conclusion**

For the reasons stated above, PGE requests permission to continue to defer the CSP O&M start-up costs and the costs associated with CSP bill credit payments and unsold/unsubscribed generation effective November 8, 2020 through November 7, 2021.

Dated this November 6, 2020.

*/s/ Jaki Ferchland*  
Jaki Ferchland,  
Manager, Revenue Requirement  
Portland General Electric Company  
121 SW Salmon St., 1WTC 0306  
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## **Attachment A**

Notice of Application for Reauthorization of  
Deferred Accounting Treatment of Certain Costs  
Associated with the Community Solar Program

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1977**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of Certain Costs Associated with the Community Solar Program

Notice of Application for Reauthorization of Deferred Accounting Treatment of Certain Costs Associated with the Community Solar Program

On November 6, 2020, Portland General Electric Company (“PGE”) filed an application with the Public Utility Commission of Oregon (Commission or OPUC) for an Order reauthorizing the deferral of operations and maintenance (O&M) start-up costs associated with the Community Solar Program (CSP), mandated through Senate Bill (SB) 1547. In addition, pursuant to OAR 860-088-0120, OAR 860-088-0140, and Commission Orders No. 18-177 and 19-392, PGE supplements this deferral application to request authorization to defer the energy costs related to CSP bill credit payments to participants for subscribed CSP generation and the energy costs associated with unsold and unsubscribed CSP generation.

Approval of PGE’s reauthorization application will continue to support the use of an automatic adjustment clause<sup>6</sup>, which will provide for changes in prices reflecting incremental O&M CSP start-up costs and incremental CSP costs associated with bill credit payments to participants and unsold/unsubscribed CSP generation.

Persons who wish to obtain a copy of PGE’s application will be able to access it on the OPUC website.

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<sup>6</sup> Incremental O&M start-up costs and CSP energy costs will be amortized through Schedule 136, Oregon Community Solar Program Cost Recovery Mechanism.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than December 6, 2020.

Dated this November 6, 2020.

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the Notice of Application for Reauthorization of Deferred Accounting Treatment of Certain Costs Associated with the Community Solar Program to be served by electronic mail to those parties whose email addresses appear in the attached service list OPUC Docket No. UE 335 and UM 1977.

DATED at Portland, Oregon, this 6<sup>th</sup> day of November, 2020.

*/s/ Jaki Ferchland*

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